



# CONFERENCE CALL

## First half year 2017 results

IMCD N.V. 25 August 2017

## Disclaimer

This presentation may contain forward looking statements. These statements are based on current expectations, estimates and projections of IMCD's management and information currently available to the company. IMCD cautions that such statements contain elements of risk and uncertainties that are difficult to predict and that could cause actual performance and position to differ materially from these statements. IMCD disclaims any obligation to update or revise any statements made in this presentation to reflect subsequent events or circumstances, except as required by law.



## Piet van der Slikke, CEO



- Led the formation of IMCD since 1995
- Designed and executed IMCD's strategy
- 22 years of industry experience

## Hans Kooijmans, CFO



- Joined IMCD in 1996
- Co-led formation of IMCD
- 21 years of industry experience



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IMCD is a market-leader in the sales, marketing and distribution of speciality chemicals and food ingredients. Its result-driven professionals provide market-focused solutions to suppliers and customers across EMEA, Asia-Pacific and Americas, offering a range of comprehensive product portfolios, including innovative formulations that embrace industry trends.

Listed at Euronext, Amsterdam (IMCD), IMCD realised revenues of € 1,715 million in 2016 with more than 1,800 employees in over 40 countries on 6 continents. IMCD's dedicated team of technical and commercial experts work in close partnership to tailor best in class solutions and provide value through expertise for around 34,000 customers and a diverse range of world class suppliers.

For further information, please visit [www.imcdgroup.com](http://www.imcdgroup.com)



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## Highlights first half year 2017

### Gross profit

Gross profit growth of 9% to EUR 212.2 million (+8% on a constant currency basis)

### Operating EBITA

Operating EBITA increase of 8% to EUR 84.6 million (+8% on a constant currency basis)

### Net result

Net result before amortisation and non-recurring items increase of 7% to EUR 57.9 million (+6% on a constant currency basis)

### Cash EPS

Cash earnings per share increased by 8% to EUR 1.09



## Highlights first half year 2017 (2)

### Neuwendis

Acquisition of Neuwendis, completed on 23 June 2017, expanding the Italian operations in the speciality chemicals market

### Bosco

Acquisition of the speciality distribution business of Bosco Industries (July 2017) will further strengthen IMCD US

### L.V. Lomas

Acquisition of L.V. Lomas (August 2017) provides IMCD with a significant presence in Canada and a further enhanced position in the US





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## Income statement

EUR million	Jan.1 - June 30 2017	Jan.1 - June 30 2016	change	change	fx adj. change
Revenue	936.2	884.8	51.4	6%	4%
<b>Gross profit</b>	<b>212.2</b>	<b>194.0</b>	<b>18.2</b>	<b>9%</b>	<b>8%</b>
<i>Gross profit in % of revenue</i>	<i>22.7%</i>	<i>21.9%</i>	<i>0.7%</i>		
Operating EBITDA	86.9	80.2			
<i>Operating EBITDA in % of revenue</i>	<i>9.3%</i>	<i>9.1%</i>			
<b>Operating EBITA<sup>1</sup></b>	<b>84.6</b>	<b>78.3</b>	<b>6.4</b>	<b>8%</b>	<b>8%</b>
<i>Operating EBITA in % of revenue</i>	<i>9.0%</i>	<i>8.8%</i>	<i>0.2%</i>		
<i>Conversion margin <sup>2</sup></i>	<i>39.9%</i>	<i>40.3%</i>	<i>(0.4%)</i>		

<sup>1</sup> Result from operating activities before amortization of intangibles and non-recurring items

<sup>2</sup> Operating EBITA in percentage of Gross profit



## Income statement (continued)

EUR million	Jan.1 - June 30 2017	Jan.1 - June 30 2016	change	change	fx adj. change
<b>Operating EBITA</b>	<b>84.6</b>	<b>78.3</b>	<b>6.4</b>	<b>8%</b>	<b>8%</b>
Net finance costs	(7.6)	(9.4)			
Income tax expenses	(19.2)	(14.8)			
<b>Net result before amortisation/non recurring items</b>	<b>57.9</b>	<b>54.0</b>	<b>3.9</b>	<b>7%</b>	<b>6%</b>
Amortisation of intangible assets	(16.1)	(15.6)			
Tax credits related to amortisation	1.6	1.8			
Non recurring items	(0.6)	(0.9)			
<b>Result for the period</b>	<b>42.8</b>	<b>39.3</b>	<b>3.4</b>	<b>9%</b>	<b>8%</b>
Earnings per share (weighted)	0.82	0.75			
<b>Cash Earnings per share (weighted)</b>	<b>1.09</b>	<b>1.01</b>	<b>0.08</b>	<b>8%</b>	<b>7%</b>



## Income statement

EUR million		EMEA	Asia Pacific	Americas	Holding companies	Total
<b>Revenue</b>	<b>H1 2017</b>	<b>589.8</b>	<b>158.7</b>	<b>187.8</b>		<b>936.2</b>
	H1 2016	552.7	159.7	172.4		884.8
	Δ reported	7%	(1%)	9%		6%
	Δ constant currency	7%	(4%)	3%		4%
<b>Gross profit</b>	<b>H1 2017</b>	<b>141.6</b>	<b>33.0</b>	<b>37.6</b>		<b>212.2</b>
	H1 2016	130.6	29.6	33.8		194.0
	Δ constant currency	10%	8%	4%		8%
<b>Gross profit in % of revenue</b>	<b>H1 2017</b>	<b>24.0%</b>	<b>20.8%</b>	<b>20.0%</b>		<b>22.7%</b>
	H1 2016	23.6%	18.5%	19.6%		21.9%
	Δ margin %	0.4%	2.3%	0.4%		0.8%
<b>Operating EBITA</b>	<b>H1 2017</b>	<b>61.1</b>	<b>14.4</b>	<b>16.5</b>	<b>(7.3)</b>	<b>84.6</b>
	H1 2016	54.4	13.9	16.8	(6.9)	78.3
	Δ reported	12%	3%	(2%)	(7%)	8%
	Δ constant currency	14%	0%	(6%)	(6%)	8%
<b>Operating EBITA in % of revenue</b>	<b>H1 2017</b>	<b>10.4%</b>	<b>9.1%</b>	<b>8.8%</b>		<b>9.0%</b>
	H1 2016	9.8%	8.7%	9.7%		8.8%
	Δ margin %	0.6%	0.4%	(0.9%)		0.2%



## Balance Sheet

EUR million	30 June 2017	31 December 2016	30 June 2016
Property, plant and equipment	19	21	20
Intangible assets	883	908	898
Other fin. assets/def tax assets	27	30	26
Working capital	268	248	243
Provisions/employee benefits	(12)	(11)	(12)
Deferred tax liabilities	(74)	(76)	(76)
<b>Capital employed</b>	<b>1,113</b>	<b>1,120</b>	<b>1,099</b>
Equity	714	722	681
<i>Equity in % of capital employed</i>	64%	64%	62%
Loans and borrowings minus cash	399	398	418
<b>Total financing</b>	<b>1,113</b>	<b>1,120</b>	<b>1,099</b>

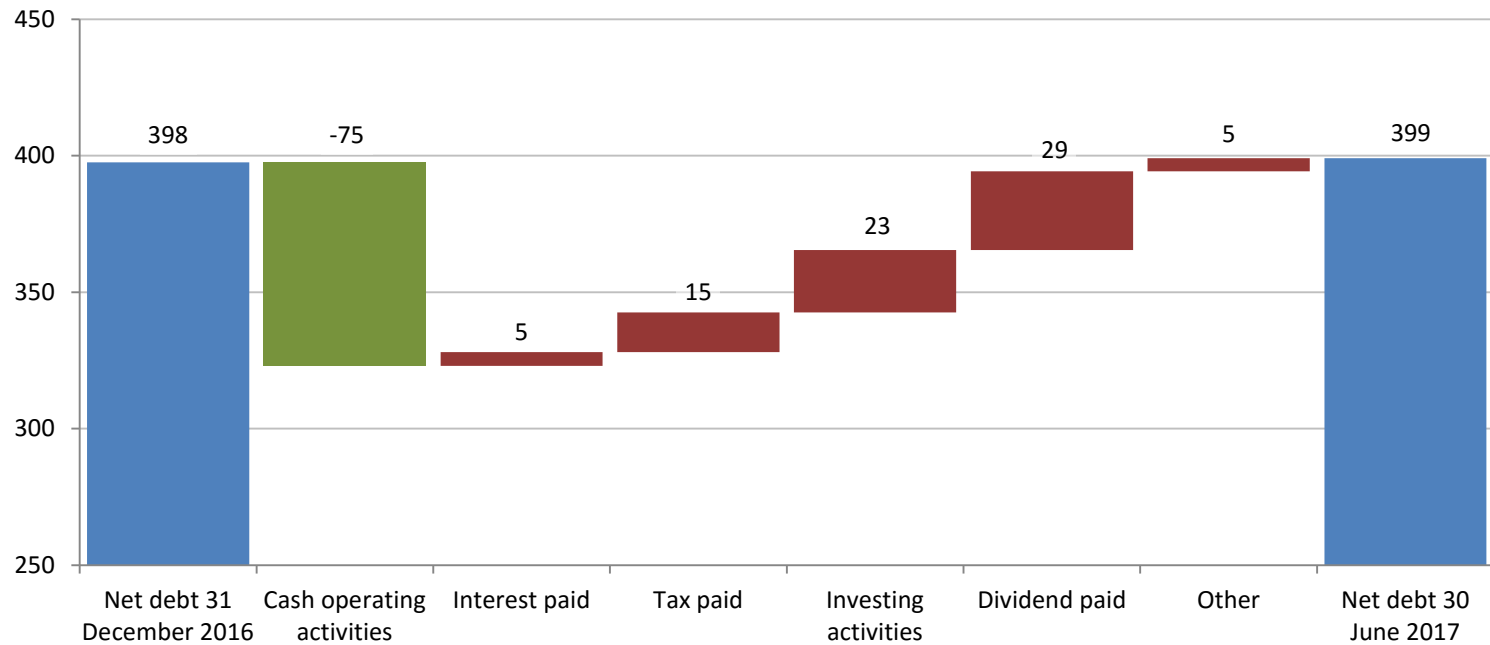


## Working capital

EUR million	30 June 2017	31 December 2016	30 June 2016
Inventories	212	204	192
<i>in days of revenue</i>	40	43	39
Trade and other receivables	325	265	305
<i>in days of revenue</i>	62	56	62
Trade payables	(215)	(171)	(200)
<i>in days of revenue</i>	(41)	(36)	(41)
Other payables	(55)	(50)	(54)
<i>in days of revenue</i>	(10)	(10)	(11)
<b>Total working capital</b>	<b>268</b>	<b>248</b>	<b>243</b>
<i>in days of revenue</i>	51	50	49

\* normalised for impact acquisitions





## Free cash flow

EUR million	Jan.1 - June 30 2017	Jan.1 - June 30 2016	change
<b>Operating EBITA</b>	<b>84.6</b>	<b>78.3</b>	<b>6.4</b>
Depreciation	2.3	2.0	0.3
<b>Operating EBITDA</b>	<b>86.9</b>	<b>80.2</b>	<b>6.7</b>
Share based payments	1.0	0.7	0.3
Capex	(1.4)	(3.1)	1.7
Δ Working capital <sup>1</sup>	(12.6)	(14.5)	1.9
<b>Free cash flow</b>	<b>73.9</b>	<b>63.2</b>	<b>10.7</b>
<i>Cash conversion ratio</i> <sup>2</sup>	84.9%	78.9%	6.0%

<sup>1</sup> Inventories, Trade and other receivables and Trade and other payables

<sup>2</sup> Free cash flow in percentage of Operating EBITDA





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### Outlook

IMCD operates in different, often fragmented market segments in multiple geographic regions, connecting many customers and suppliers across a very diverse product range. In general, results are impacted by macroeconomic conditions and developments in specific industries. Furthermore results can be influenced from period to period by, amongst others, the ability to maintain and expand commercial relationships, the ability to introduce new products and start new customer and supplier relations and the timing, scope and impact of acquisitions.

IMCD's consistent strategy and resilient business model has led to successful expansion over the years and IMCD remains focused on achieving earnings growth by optimising its services and further strengthening its market positions. IMCD sees interesting opportunities to increase its global footprint and expand the product portfolio organically and by acquisitions.

Based on the performance in the first half of 2017 and the strong fundamentals of the business, IMCD expects operating EBITA growth in 2017.



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